



BLACK STONE
MINERALS

UBS MLP One-on-One Conference



January 10, 2017

Forward-Looking Statements



This presentation contains “forward-looking statements” within the meaning of the securities laws. All statements, other than statements of historical fact, included in this presentation that address activities, events, or developments that Black Stone Minerals, L.P. (“Black Stone Minerals”, “the Partnership”, or “BSM”) expects, believes, or anticipates will or may occur in the future are forward-looking statements. The words “believe,” “expect,” “may,” “estimates,” “will,” “anticipate,” “plan,” “intend,” “foresee,” “should,” “would,” “could,” or other similar expressions are intended to identify forward-looking statements, which are generally not historical in nature. However, the absence of these words does not mean that the statements are not forward-looking.

These statements are based on certain assumptions made by Black Stone Minerals based on management’s expectations and perception of historical trends, current conditions, anticipated future developments, and other factors believed to be appropriate. Although Black Stone Minerals believes that these assumptions were reasonable when made, because assumptions are inherently subject to significant uncertainties and contingencies, which are difficult or impossible to predict and are beyond its control, Black Stone Minerals cannot give assurance that it will achieve or accomplish these expectations, beliefs, or intentions. Such statements are subject to a number of assumptions, risks, and uncertainties, many of which are beyond the control of Black Stone Minerals, which may cause actual results to differ materially from those implied or expressed by the forward-looking statements. These include the factors discussed or referenced in the “Risk Factors” and “Forward-Looking Statements” sections of the filings Black Stone Minerals has made with the Securities and Exchange Commission, including its annual report on Form 10-K and quarterly reports on Form 10-Q, as well as risks relating to financial performance and results, current economic conditions and resulting capital restraints, prices and demand for oil and natural gas, availability of drilling equipment and personnel, availability of sufficient capital to execute our business plan, impact of compliance with legislation and regulations, successful results from our operators’ identified drilling locations, our operators’ ability to efficiently develop and exploit the current reserves on our properties, our ability to acquire additional mineral interests, and other important factors that could cause actual results to differ materially from those projected. When considering the forward-looking statements, you should keep in mind the risk factors and other cautionary statements in filings Black Stone Minerals has made with the SEC.

You are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date on which such statement is made, and Black Stone Minerals undertakes no obligation to correct or update any forward-looking statement, whether as a result of new information, future events or otherwise, except as required by applicable law. All forward-looking statements attributable to Black Stone Minerals are qualified in their entirety by this cautionary statement.



BSM LISTED NYSE

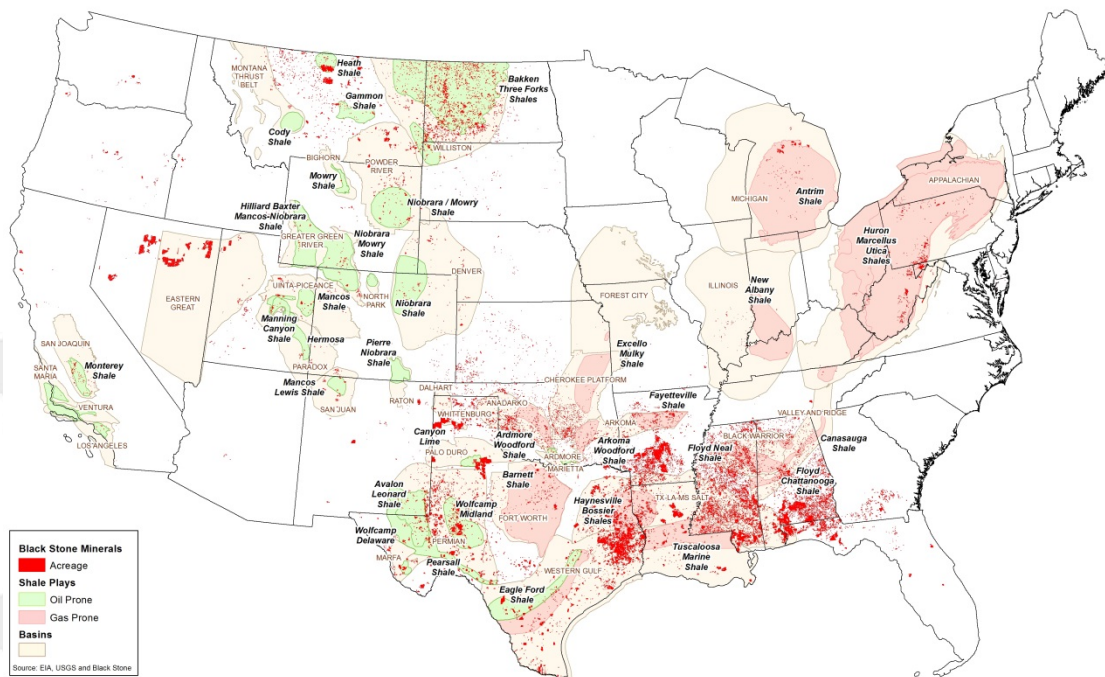
• Headquarters.....	Houston, TX
• Inside ownership.....	>20%
• Qtrly common distribution.....	\$0.2875 / unit
• Current yield ⁽¹⁾	6.1%
• Production (3Q16).....	35.0 MBoe/d
• Proved reserves (YE 2015).....	49.8 MMBoe

- Black Stone Minerals, L.P. is the largest publicly traded yield vehicle focused on oil and gas mineral and royalty interests in the U.S.
- Mineral and royalties provide commodity exposure without the associated capital expenditures
- Over 18 million mineral and royalty acres with interests in over 40 states and 60 producing basins
- Our diverse footprint exposes us to both established and emerging plays, and would be nearly impossible to replicate

Large, Diversified Portfolio of Assets



Black Stone Minerals Acreage Position

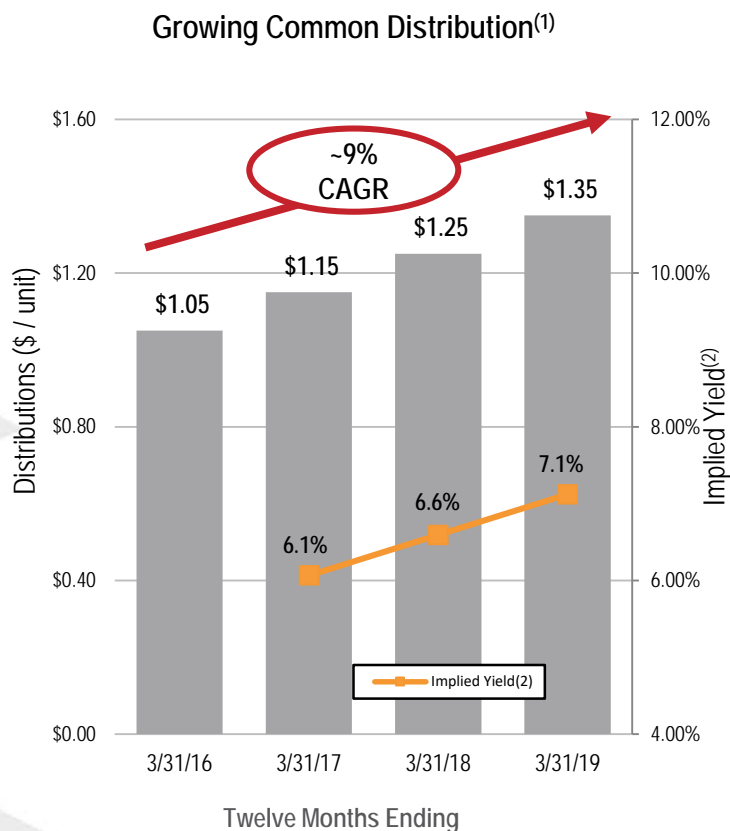


- The origins of Black Stone Minerals can be traced back to the 1870s in East Texas
- Focus on capturing minerals began in the 1980s
- Over the last four decades, BSM has built a high-quality, diverse footprint that is exposed to numerous major plays, including the following:
 - Haynesville/Bossier Shales
 - Bakken/Three Forks
 - Eagle Ford Shale
 - Wolfcamp/Spraberry/Bone Spring
 - Wilcox
 - Fayetteville Shale
 - Marcellus Shale
 - Wattenberg

Differentiated Distribution Structure



Growing Common Unit Distribution Protected by Subordination Structure

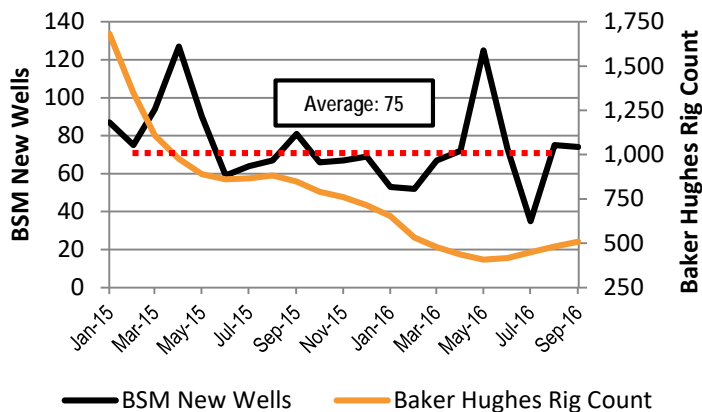


- Common units scheduled to receive an increasing minimum quarterly distribution (MQD) for 4 years from IPO, growing at an approximate 9% CAGR
- Roughly half of ownership is subordinated, significantly enhancing the distribution coverage to common units
 - Quarterly coverage on all units in 3Q16 was 1.5x (2.4x to common)
- Common units have priority and must be paid in full before subordinated units receive distributions
 - No arrearages for subordinated units
 - No IDRs

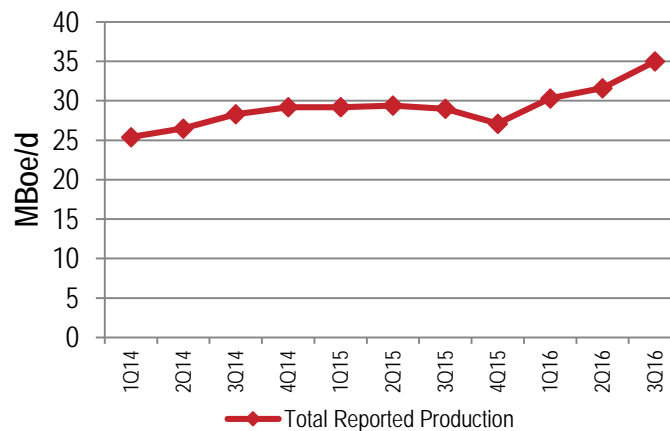
Performance through 3Q16



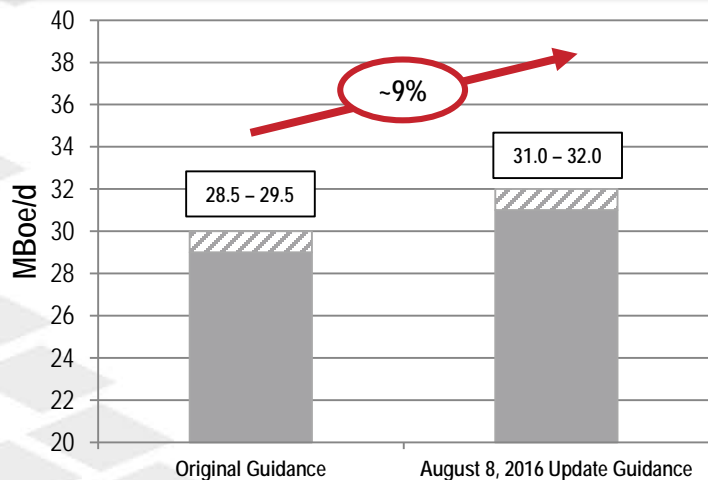
Monthly Gross Well Additions



Total Reported Production



Increased 2016 Production Guidance



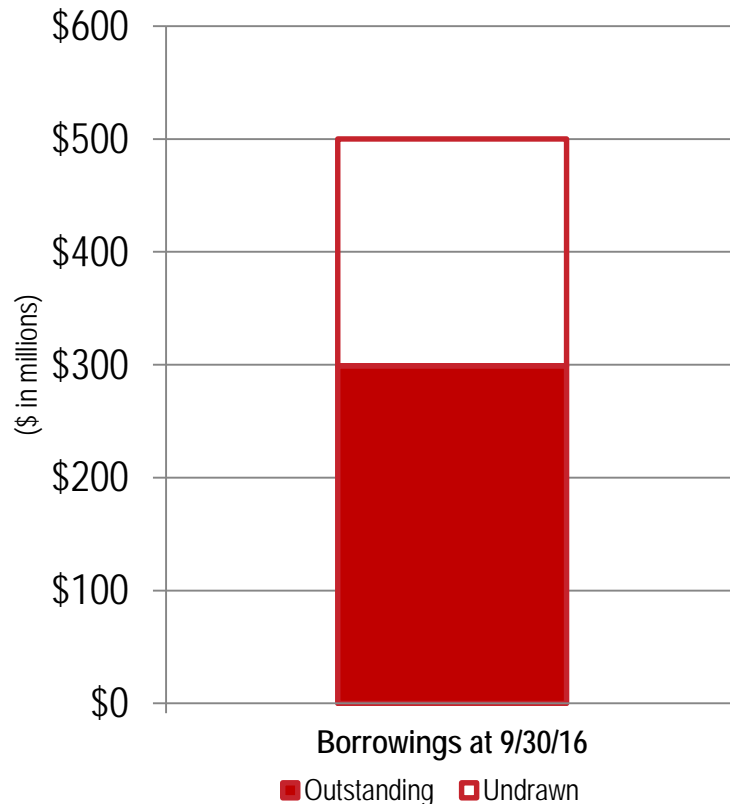
- Average monthly well additions in the first nine months of 2016 consistent with prior years despite softness of industry environment
- Black Stone Minerals reported record total production in 3Q16 of 35.0 MBoe/d
- Increased FY2016 production guidance range mid-2016 by approximately 9% due to stronger than anticipated performance from mineral and royalty assets
- Most cash costs also trending lower than previously expected

Solid Financial Position



- **Senior credit facility is BSM's only debt**
 - Borrowing base increased 11% to \$500 MM in most recent re-determination
 - \$299 million drawn at the end of 3Q16; ample liquidity available
- **Debt to TTM adjusted EBITDAX of 1.2x as of September 30, 2016**
- **Hedging program supports balance sheet and provides stability to cash flows**
 - Large percentage of PDP volumes are hedged through 2017

Secured Credit Facility¹



Focus on Core Competencies



Minerals Management

- Generate lease bonus income by promoting prospects to industry
- Attract capital to BSM acreage to ensure it is tested and developed, particularly in periods of low prices and decreased industry activity
- Dedicated land, business development, and technical groups provide a detailed understanding of our acreage

Mineral Acquisition

- Capture mineral and royalty positions that complement our existing assets or establish new strategic footholds
- Proven track record of identifying and completing acquisitions

Working Interest Participation

- Fundamentally different from E&P working interest model as we do not have to pay to acquire the working interest on our minerals
- Allows Black Stone Minerals to recapture a portion of the value conveyed to lessee in a mineral lease

Managing the Mineral and Royalty Assets



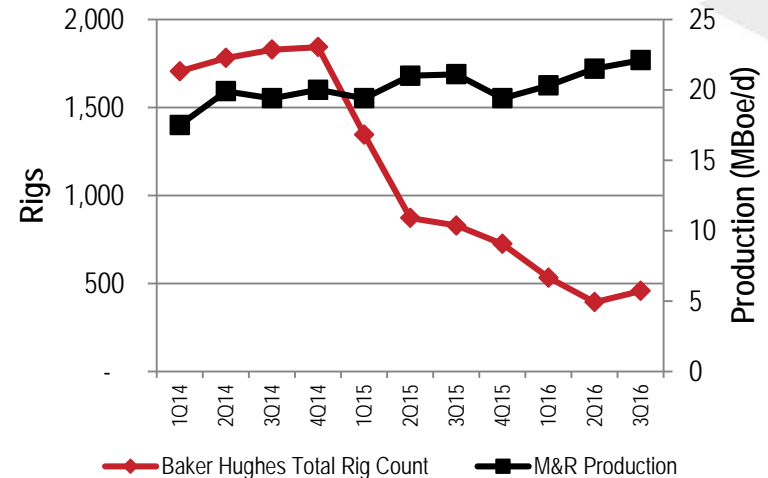
- Drive activity on to BSM mineral and royalty (M&R) interests

- Multiple levers are available to incentivize operators, such as amending lease royalty structures and terms, as well as offering adjacent acreage

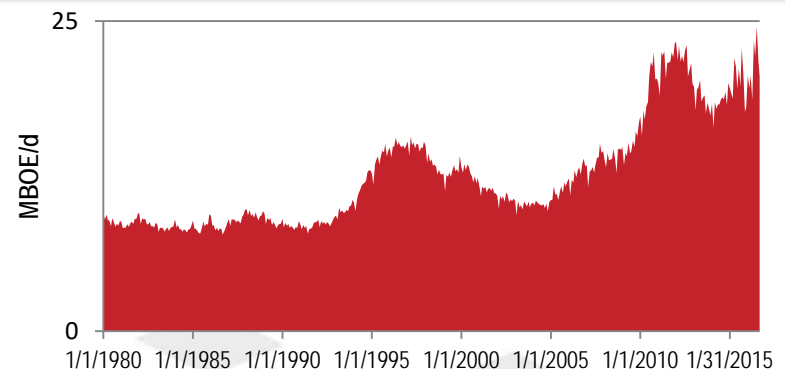
- M&R production is resilient

- Despite recent decline in rig count, M&R volumes have increased
- Combination of quality mineral portfolio and active management of our leases has enabled M&R production to grow throughout commodity cycles

Recent M&R Volumes vs. Rig Count



M&R Volumes Over Time⁽¹⁾



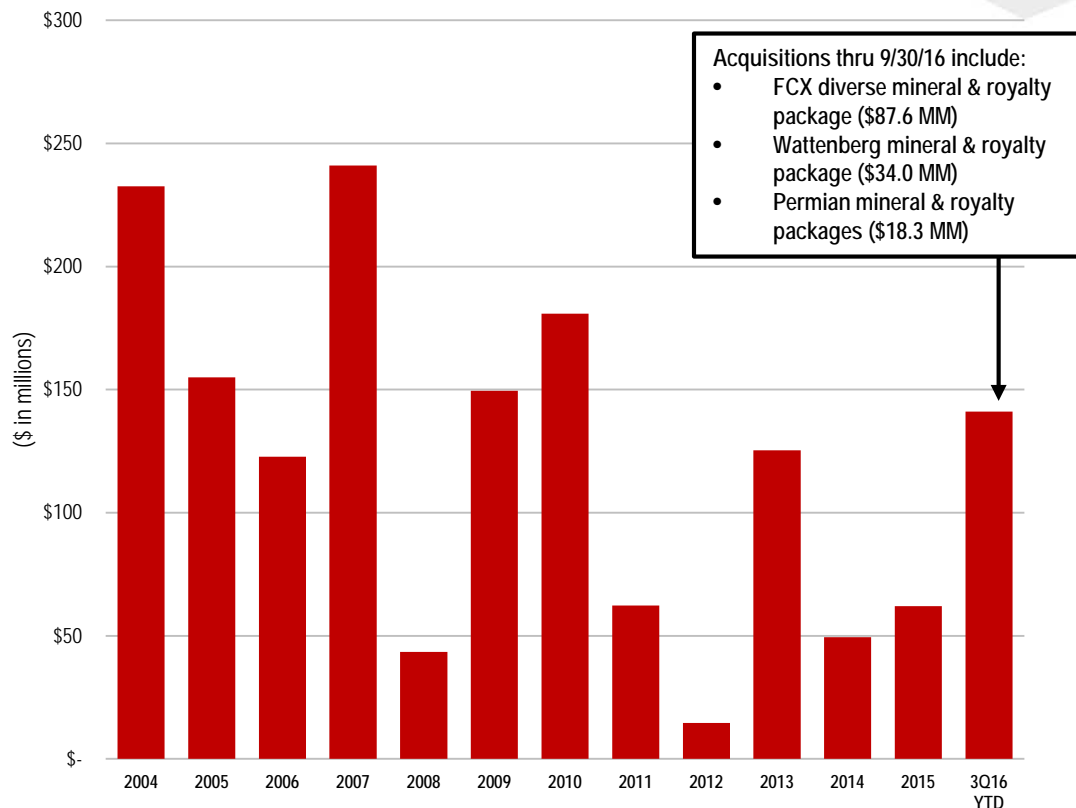
Long History of Acquisitions



Scalable Infrastructure for Future Acquisitions

- **Business Development:** Reviewed hundreds of third-party acquisitions since the beginning of 2010, closing transactions totaling over \$630 million
- **Legal:** Experience in nearly every jurisdiction throughout the continental United States' producing regions
- **Land:** Significant expertise in lease negotiations
- **Accounting:** Minimal incremental personnel and infrastructure needed for future acquisitions, regardless of size
- **Engineering/Geology:** In-house engineering and geology functions ensure informed investment decisions

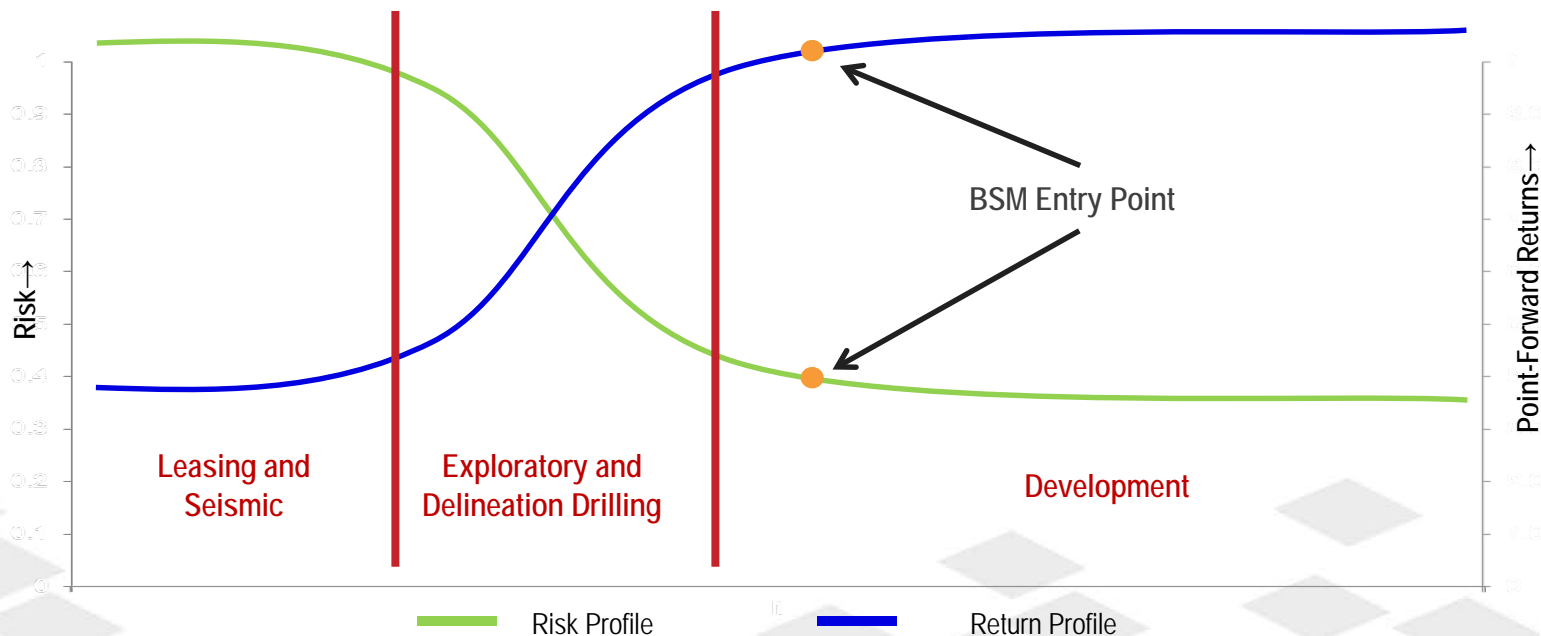
Acquisitions by Year⁽¹⁾



Working Interest Participation Option



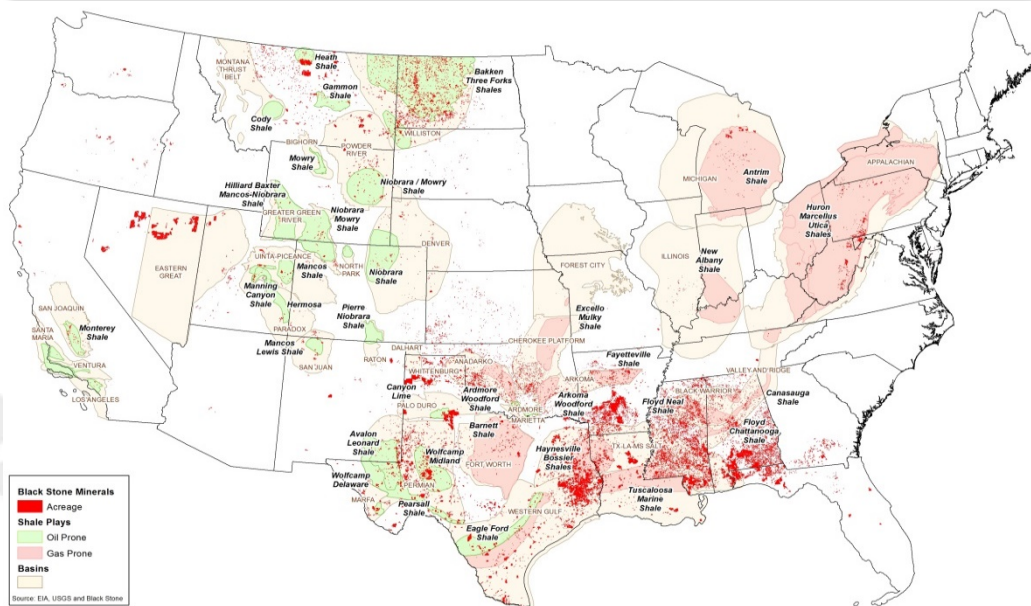
- In many cases, Black Stone Minerals retains the ability to participate as a working interest owner along side our operators
- At our discretion, we can invest at a point when results are predictable, risks are lower, and risk-adjusted returns are higher
- BSM can “monetize” working interest programs when they are of sufficient size and scale
- Majority of working interest capital of \$70 - \$75 million in 2016 focused on Haynesville Shale (~85%) and Bakken (~10%) plays



Large, Diversified Portfolio of Assets



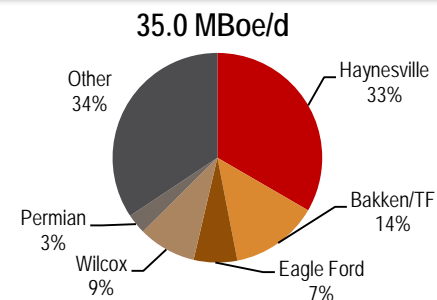
Black Stone Minerals Acreage Position



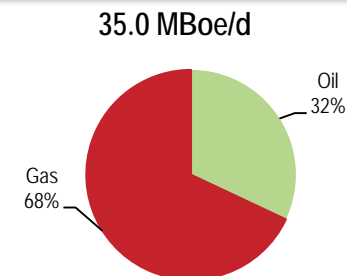
- Over 18 million acres of opportunity
- Mineral and royalty interests in over 46,000 wells and working interests in more than 10,000 wells
- BSM continues to see meaningful permitting activity across its acreage position
 - Approximately 1,500 permits filed on all mineral and royalty interests for the nine months ended September 30, 2016
 - The Partnership estimates that in the first nine months of 2016, ~11% of all permits filed in the Lower 48 involved BSM mineral and royalty acreage (~8% on mineral acreage)

BLACK STONE MINERALS, L.P.

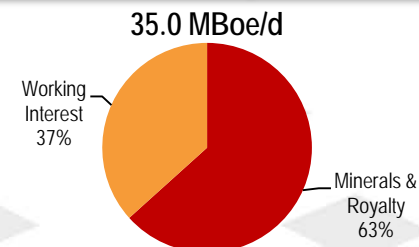
3Q16 Production by Play



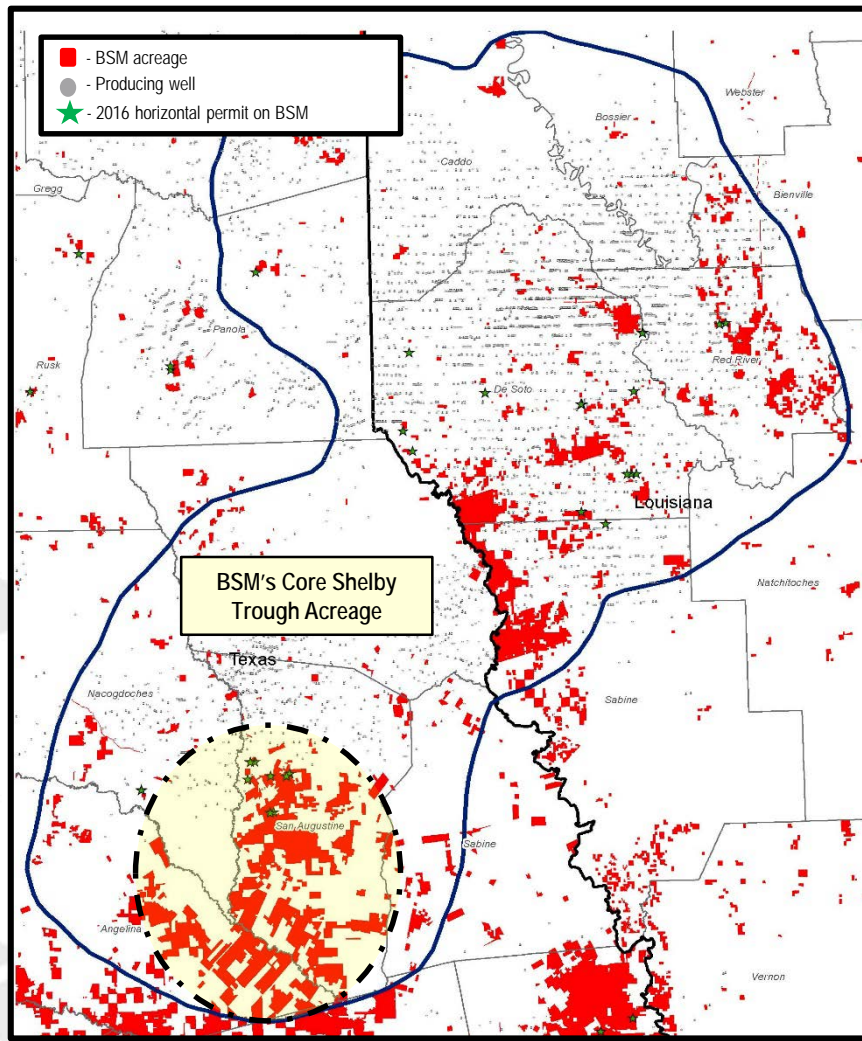
3Q16 Production by Commodity



3Q16 Production by Interest Type

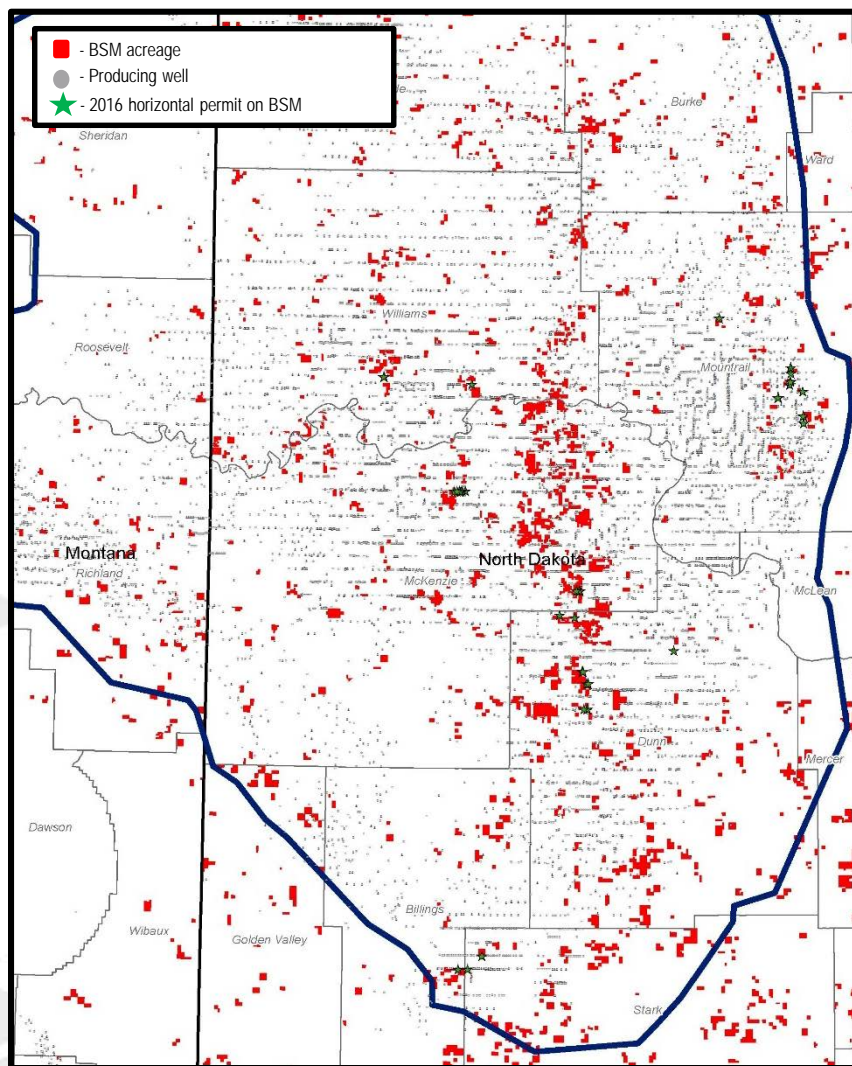


Haynesville & Bossier Shales



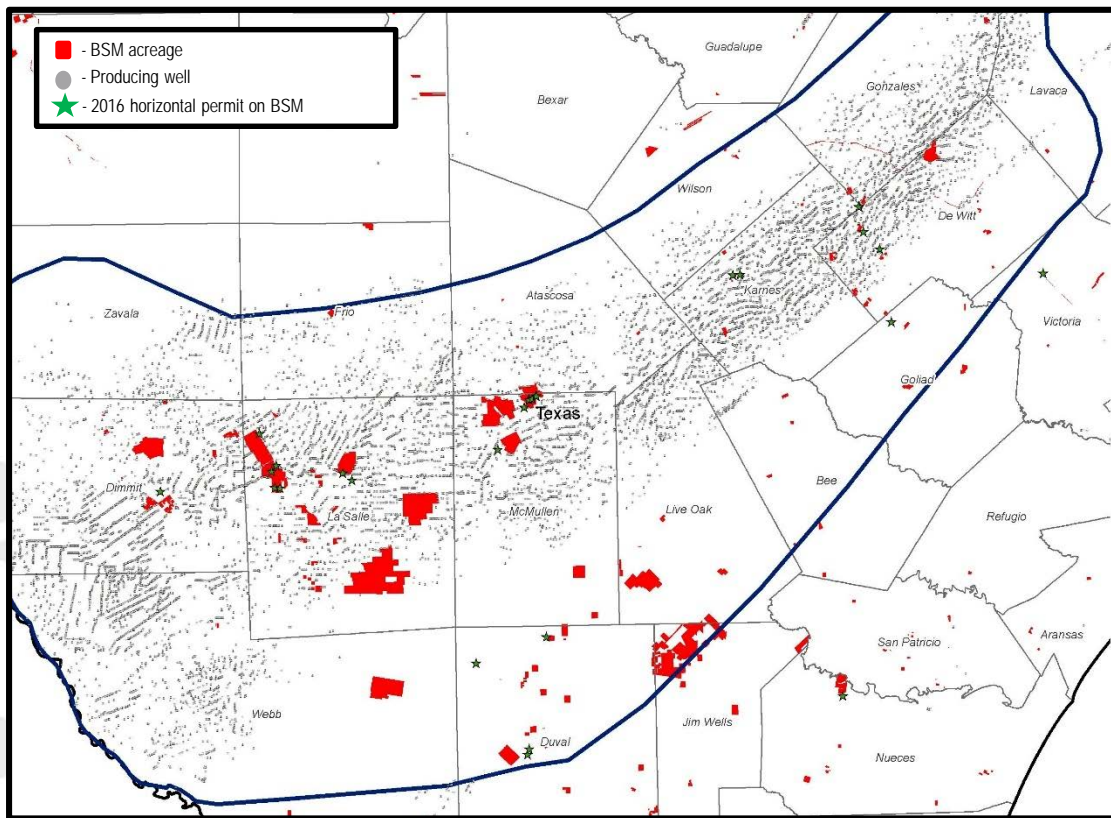
- Improved completion designs and more favorable gas markets leading to renewed interest in the play
- Significant levels of investment being made by both public and private companies
 - CHK and CRK becoming more vocal about Haynesville activity
 - PE-sponsored Vine, GeoSouthern, and Covey Park increasingly active
- Through September 30, 2016, approximately 30% of horizontal drilling permits filed in 2016 in the Haynesville were on BSM acreage
- XTO currently running 2 rigs on BSM acreage in the core of the Shelby Trough
 - Well results and economics among the best in the play

Bakken/Three Forks



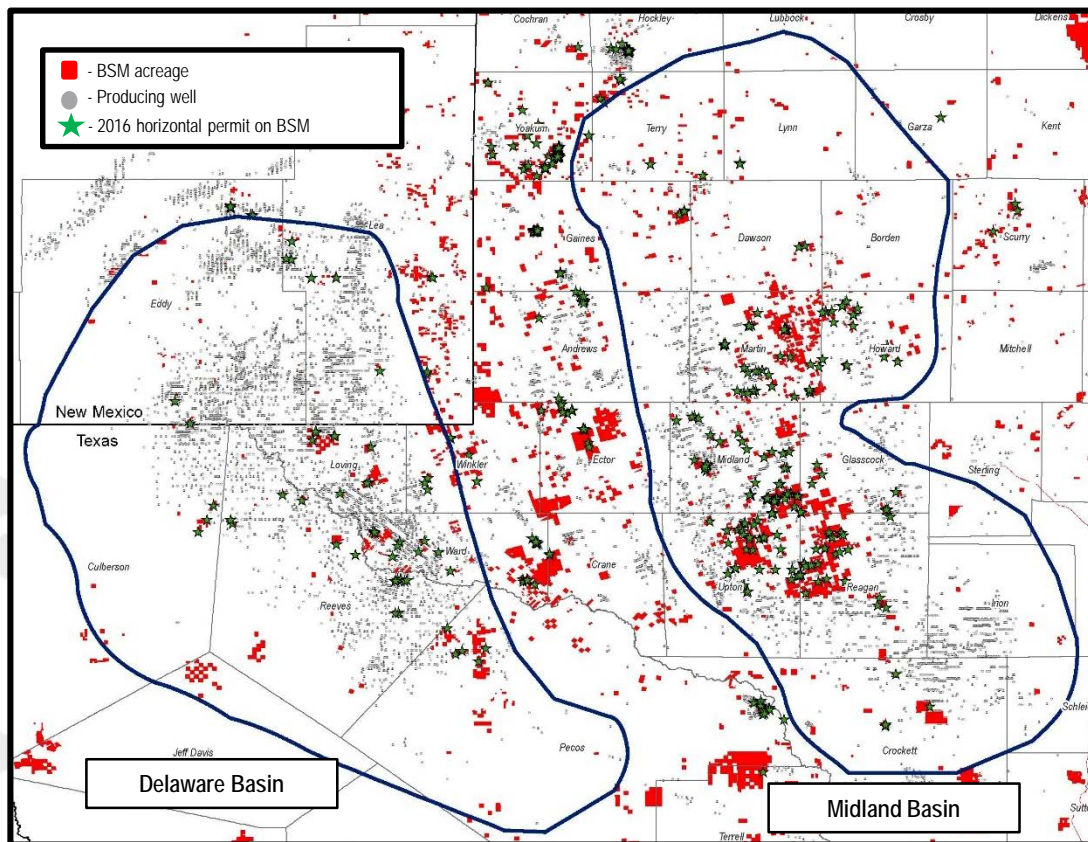
- Improved drilling efficiency and completion designs resulting in stable production profile
- Of horizontal permits filed in the play during the first nine months of 2016, over 30% involved BSM acreage
 - ConocoPhillips, Hess, Oasis, and Continental were among the most active operators on BSM acreage in 2016

Eagle Ford Shale



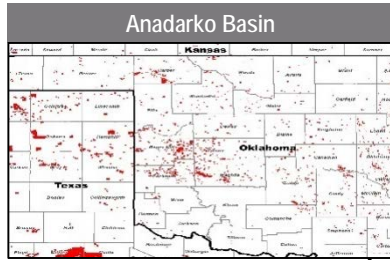
- BSM exposed to some of the best parts of the play
- Approximately 7% of horizontal permits filed in play in first nine months of 2016 involved BSM acreage

Permian Basin

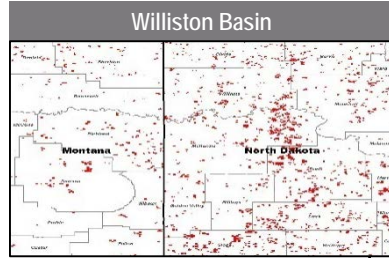


- Black Stone has significantly expanded its Permian Basin footprint since its IPO
- Continuing to build positions across the basin
- Approximately 18% of horizontal permits filed during the first nine months of 2016 involved BSM acreage

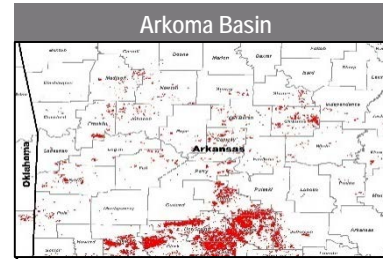
Multiple Avenues of Growth with Free Options on New Discoveries



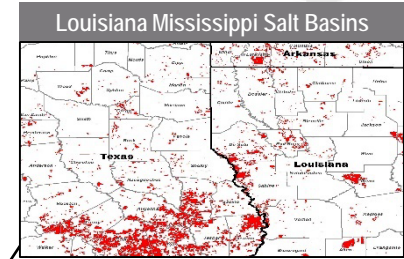
Anadarko Basin
Plays: Granite Wash, SCOOP, STACK, Cottage Grove, Hogshooter, Marmaton, and Springer



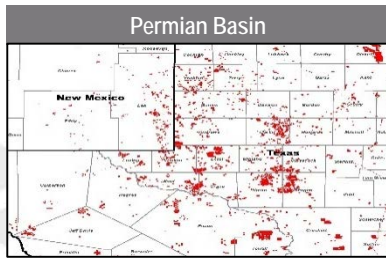
Williston Basin
Plays: Bakken, Three Forks, Madison, Red River, Ratcliff, and Spearfish



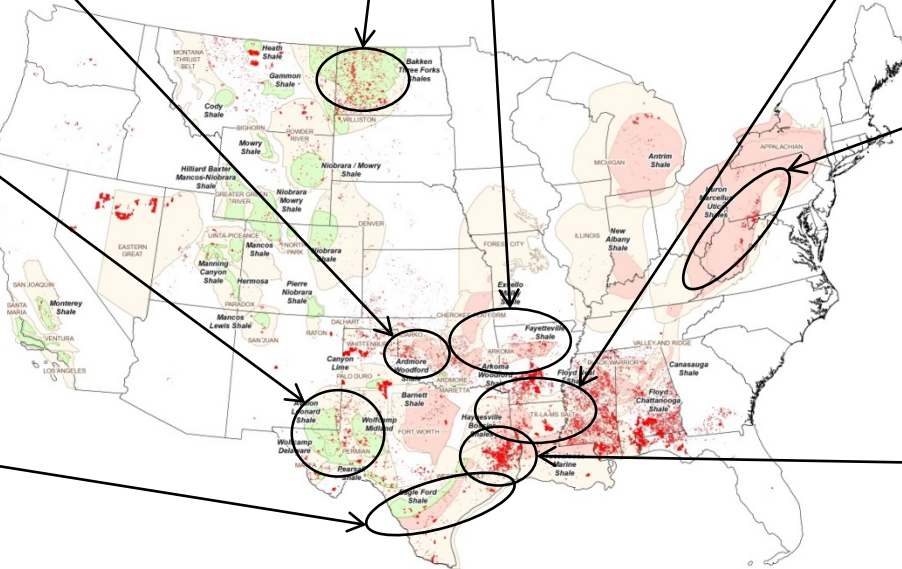
Arkoma Basin
Plays: Fayetteville, Atoka, Cromwell, Dunn, Hale, and Woodford



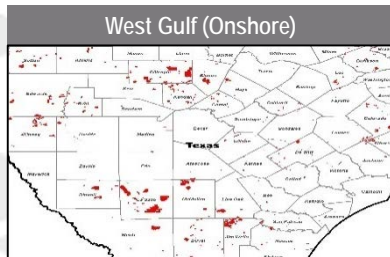
Louisiana Mississippi Salt Basins
Plays: Haynesville, Bossier, Brown Dense, Cotton Valley, Hosston, Norphlet, Smackover, and Wilcox



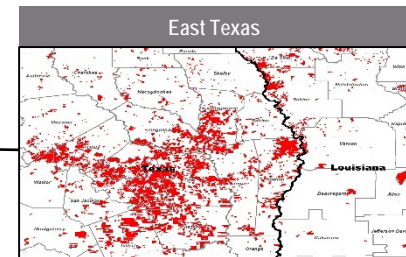
Permian Basin
Plays: Wolfcamp, Spraberry, Bone Spring, Avalon, Atoka, Clearfork, San Andres, Strawn, and Wichita Albany



Appalachian Basin
Plays: Marcellus, Utica, Berea, Big Injun, Devonian, Huron, and Rhinestreet



West Gulf (Onshore)
Plays: Eagle Ford, Austin Chalk, Eaglebine, Frio, Glenrose, Olmos, Woodbine, Vicksburg, Wilcox, and Yegua



East Texas
Plays: Wilcox, Austin Chalk, Bossier Sand, Goodland Lime, James Lime, Pettit, Smackover, and Woodbine

Other plays include:
DJ Basin: Niobrara and Codell
Southwestern Wyoming: Pinedale Anticline, Mesaverde, Niobrara, and Wasatch
Palo Duro: Canyon Lime, Brown Dolomite, Canyon Wash, Cisco Sand, and Strawn Wash
Bend Arch-Fort Worth Basin: Barnett Shale, Bend Conglomerate, Caddo, Marble Falls, and Mississippian Falls

Investment Highlights



- **Growth potential from unique and diverse asset base**
 - Size and scale through over 18 million mineral and royalty acres
 - Durable competitive advantage; would be difficult to replicate our footprint
- **Low capital intensity = lower-risk cash flow**
 - No CAPEX or operating cost requirements on mineral and royalty assets
 - No cost to generate working interest inventory as it is embedded in our acreage
- **Scheduled growing common distributions into 2019**
 - Common unit holders have priority on distributions
 - Scheduled compound annual growth of 9% in first four years after IPO
- **Significant liquidity and strong financial position**
 - Secured credit facility with borrowing base of \$500 million; \$299 million drawn at end of 3Q16
 - Debt to TTM adjusted EBITDAX of 1.2x as of September 30, 2016

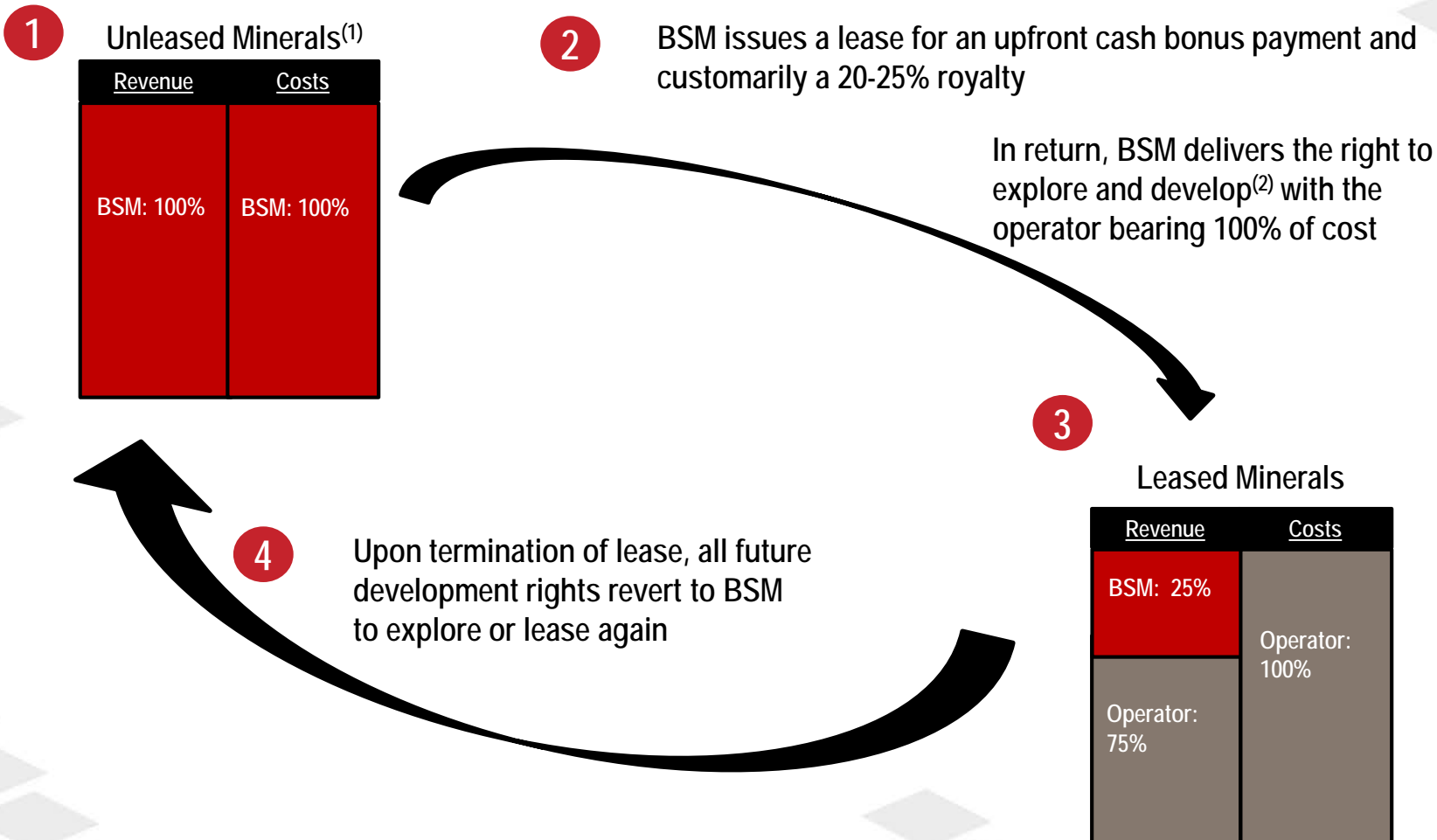


Appendix

How Mineral and Royalty Interests Work



Mineral Revenue Generation



1. Mineral owner realizes revenue and bears costs only if it elects to develop the acreage
 2. Right to develop often subject to restrictions including a) retained working interests participation option for BSM; b) the ability to hold leased acreage may be restricted to specified depths through "Pugh" clauses (undeveloped depths will revert back to BSM); and c) well commitments obligating the lessee to develop acreage at a minimum pace or face dollar damages / loss of lease

The Value of Mineral and Royalty Interests



Operating Margin per Equity Barrel (\$/Boe)

Illustrative Working
Interest Operator

Illustrative Mineral/Royalty
Interest Owner

Revenue \$26.50 / Boe



- Mineral and royalty production realizes higher margins than working interest production
- After acquisition, no capital required by the mineral and royalty owner to generate production or realize revenue

Full Year 2016 Guidance



	Revised 2016 Guidance
Average daily production (Mboe/d)	31.0 – 32.0
Percentage oil	~30%
Percentage royalty interest	~65%
Lease bonus and other income (\$MM)	\$30
Lease operating expense (\$/Boe)	\$1.65 – \$1.85
Lease operating expense (\$/working interest Boe)	\$4.75 – \$5.25
Production costs and ad val. taxes (% of total pre-derivative O&G revenue)	12% – 14%
Exploration expense (\$MM)	\$0.5 – \$1.5
G&A – cash (\$MM)	\$37.5 – \$38.5
G&A – non-cash (\$MM)	\$30.5 – \$31.5
G&A – TOTAL (\$MM)	\$68.0 – \$70.0
DD&A (\$/Boe)	\$8.75 – \$9.25

EBITDA, Adjusted EBITDA, and Distributable Cash Flow Reconciliation



	Three Months Ended September 30	
	2016	2015
	(In thousands)	
Net income (GAAP)	\$ 37,535	\$ 53,892
Adjustments to reconcile to Adjusted EBITDA:		
Add:		
Depreciation, depletion and amortization	28,731	23,288
Interest expense	2,282	870
EBITDA (Non-GAAP)	68,548	78,050
Add:		
Impairment of oil and natural gas properties	—	24,854
Accretion of asset retirement obligations	206	265
Equity-based compensation	7,981	5,690
Less:		
Unrealized gain on commodity derivative instruments	(2,511)	(44,053)
Adjusted EBITDA (Non-GAAP)	74,224	64,806
Adjustments to reconcile to cash generated from operations:		
Add:		
Incremental general and administrative related to initial public offering	—	270
Loss on sale of assets, net	—	4
Less:		
Change in deferred revenue	(396)	(94)
Cash interest expense	(2,083)	(628)
Gain on sales of assets, net	—	—
Estimated replacement capital expenditures ⁽¹⁾	(3,750)	—
Cash generated from operations	67,995	64,358
Less:		
Cash paid to noncontrolling interests	(29)	(45)
Redeemable preferred unit distributions	(1,324)	(2,973)
Cash generated from operations available for distribution on common and subordinated units and reinvestment in our business (Non-GAAP)	\$ 66,642	\$ 61,340

Subordinated Conversion Mechanics



Automatic Conversion

- 1:1 Conversion if BSM earns and pays \$1.35 per unit on all common and subordinated units for the four-quarter period ending March 31, 2019, or any four-quarter period thereafter

Optional Conversion

- Board may elect to “force” conversion on or after March 31, 2019 if automatic conversion has not occurred
- Conversion ratio = $\frac{\text{Distributions Paid to Subs Over Previous Four Quarters}}{\text{MCD Amount for Previous Four Quarters}}$
 - Conversion ratio is based on NTM forecasted distributions to subordinated units if lower than actual LTM distributions paid
- Optional conversion may be deferred at Board’s election